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Subject: Mexico: After Four Years, Progress on Education Reform Slow and Uneven

1. (SBU) SUMMARY AND COMMENT: Four years after President Enrique Peña Nieto introduced comprehensive education reforms as part of his “*Pacto Por Mexico*,” progress on implementation at the federal and state levels has been uneven. Pervasive corruption in the education system and pockets of powerful resistance to teacher pay and performance reforms have stalled achievement of improved educational outcomes. With only one year left in the current administration and with teacher unions’ influence still deeply entrenched in significant parts of the national education system, the Ministry of Education (SEP) will be hard pressed to successfully implement necessary teacher professionalization efforts. Education advocates contend this leaves the entire reform effort resting on an uncertain foundation and could jeopardize the success of future reforms. Nevertheless, progress on education reform and raising outcomes over the long term is vital to boosting Mexico’s labor productivity, economic competitiveness and ultimate aspiration to become a fully developed country. END SUMMARY AND COMMENT.

#### Mexicans in Favor of Needed Education Reforms

2. (SBU) Peña Nieto’s comprehensive 2012 package of education reforms responded to widespread recognition of the systemic deficiencies in the national education system, resulting in longstanding poor educational outcomes and an insufficiently skilled workforce. Mexico ranks lowest in science and math achievement of any OECD country, although it spends 6.2 percent of its GDP on education – slightly above the OECD average of 6.1 percent. According to SEP Under Secretary of Higher Education Advisor Sofia Frech, Mexico suffers from a secondary school drop-out rate of almost 50 percent, with students citing lack of interest, inadequate return on investment, and lack of financial resources (OECD 2015 Report) (Ref A). A 2014 OECD survey showed 30.9 percent of employers in Mexico, double the OECD average of 14.8 percent, believe that the country’s inadequately educated workforce is a major constraint to their productivity and prospects for expansion.

REVIEW AUTHORITY: Janina Slattery, Senior Reviewer

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3. (SBU) Frech outlined seven GOM education reform priorities:
- a) placing schools and students at the center of the education system,
  - b) enhancing infrastructure, equipment and materials,
  - c) teacher professionalization,
  - d) revising and strengthening curricula,
  - e) promoting equality and inclusion,
  - f) linking education system outcomes to labor market requirements, and
  - g) implementing administrative reforms within SEP.

Frech said teacher professionalization was the Ministry's first priority, assessing that additional reforms would be impossible to execute without a qualified and well-vetted teacher corps in place. Per the OECD, more than 92 percent of the total budget for education in Mexico goes to staff compensation, and about 83 percent of the budget is devoted to teacher's salaries alone –spending that could be redistributed to teacher training, and improvement of curricula, infrastructure and materials.

4. (SBU) As part of the reform effort, Congress passed two laws, the first creating the National Institute for Evaluation of Education and the General Act of Professional Educational Service, both addressing teacher professionalization. In addition, Congress eliminated the Federal Fund for Basic Education to remove discretion over teacher payroll distribution from the states and return power and accountability for the education budget back to SEP and Finance (*Hacienda*). Within the new legal framework, emphasis is placed on teacher merit as the basis for hiring, performance evaluation, and pay structure.

#### **Critics Question Implementation Methods**

5. (SBU) A national, long-standing practice of hiring teachers based on family and political connections (Ref A) has complicated the application of new merit-based standards for teachers. In a December 2 meeting, [REDACTED]

[REDACTED] told EconOff that many children of retiring teachers historically “inherited” their positions. Alternatively, teachers without the requisite family ties would pay to obtain their posts, spending anywhere from USD \$25,000 to thrice that amount knowing they would thus obtain a reliable income stream. Either practice undercuts the possibility of appointing teachers based solely on merit or educational qualifications. Prior to the reforms, states often paid teachers without verifying their employment status. The 2014 GOM education census conducted by the National Institute for Statistics and Geography (INEGI) confirmed that 13 percent of registered “teachers,” approximately 300,000 workers, were routinely absent from class, received payments on behalf of previously employed relatives, or were deceased.

6. (SBU) Abolition of the Federal Fund for Basic Education aimed to eliminate these “ghost employees” by returning oversight and distribution of all teacher payrolls to the federal government. Reformers hoped to reduce influence exercised by the National Union of Education Workers (SNTE), that for decades, often with the blessing of the long-ruling government party –the Institutional Revolutionary Party (PRI) - exercised significant control over state education officials and their respective budgets. Newly implemented legal standards under the reform set a much tougher bar for teacher performance, requiring states to report teachers who do not attend classes to the Ministry of Education. After three consecutive absences within thirty days without justification, teachers face sanctions, including loss of employment. However, [REDACTED] and other critics claim the GOM has yet to fire any teachers as now required by law. States often decline to report teacher absenteeism, and SEP rarely conducts inspections and lacks the willingness to enforce requisite sanctions. [REDACTED]

[REDACTED] further reports that although states conduct mandatory evaluations, teacher participation in the process is voluntary, allowing teachers to avoid qualifications testing. Education reform advocates, teachers included, contend the GOM's one-size-fits-all approach to teacher evaluations was not appropriate. They contend it would have been more effective to implement training and performance improvement programs for underperforming teachers first, before executing evaluations and applying required sanctions.

#### **Corruption Remains an Obstacle to Teacher Professionalization**

7. (SBU) Experts agree that removing absent teachers from the payrolls and firing those who do not meet evaluation standards would diminish the influence of the powerful teacher unions currently slowing education

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reform implementation. However, [REDACTED] explained to EconOff that SEP's reluctance to enforce teacher removals stems from an unwillingness to break the historically close political alliance between federal and state governments and the SNTE. For decades, the PRI in particular, has relied on SNTE to mobilize voters. Frech agreed that in the past SNTE maintained enough influence to ensure appointments of sympathetic state Education Ministers, thereby keeping local officials beholden to the union and institutionalizing its power over all elements of the system. Despite overwhelming public recognition that pervasive corruption in teacher hiring and performance evaluations contributes to low educational outcomes and a high dropout rate, there has been noteworthy resistance to teacher professionalization efforts, particularly in southern states, where education indicators are lowest. In 2016, *Mexicanos Primero* ranked Oaxaca, Chiapas and Michoacan at the bottom of state education performance indicators (not surprisingly Mexico's first, second and fifth poorest states, respectively). These same states have the strongest union presence, particularly Oaxaca, which saw the most obstructionist protests in 2016 (Refs C and D).

#### SEP Turns Attention to Second Phase of Reforms

8. (SBU) On January 5, 2017, Education Secretary Aurelio Nuño announced SEP would begin to apply a "New Education Model," which he touted as the second phase of the education reform. The effort will commence with a pilot program transferring students from under-performing schools into high-performing centers in urban areas. Although this was a welcome announcement on a less controversial provision of the reforms, critics of SEP remain doubtful about its capacity to undertake additional reforms, given uneven progress thus far in improving teacher performance and reducing the pernicious influence of the powerful teachers' unions. Education contacts note that as the country begins to prepare for 2018 elections, the PRI already faces record low support and strong opposition from leftist parties. They suggest it is therefore unlikely Peña Nieto's administration will have the appetite to undertake the strong measures necessary to complete the process of teacher professionalization in those states where resistance is strongest, potentially leaving this and additional reforms unfinished and with uncertain future prospects.

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